

Representative Jared Polis
Subcommittee on Health, Employment, Labor and Pensions
Committee on Education and the Workforce
“Examining Reforms to Modernize the Multiemployer Pension System
April 29, 2015
Opening Statement

Thank you.

I first want to thank Chairman Roe for his effort in working in a bipartisan way to arrange this hearing, and to begin the important discussion to address what we can call “phase two” of multiemployer pension reform- New Plan Designs.

I also want to acknowledge several individuals in the audience from the Colorado Association of Mechanical and Plumbing Contractors who are in full support of the work we are doing.

Last year some hard decisions were made to ensure the multiemployer pension system will exist for years to come. Our work is not done yet, because we have not fully fixed our shaky system, and establishing a strong and sustainable pension system must be our goal as we figure out the details for this phase two.

I believe phase two must encourage innovative new plans that would allow for some flexibility for employers, while also providing adequate protection for our workers. It must be our goal to ensure hardworking Americans are able to retire with the dignity and respect they deserve.

Securing lifetime income for retirees is an important feature of each of the plan designs we are discussing today. As people live longer, they generally need more money than they expect and one way to address this situation is through a lifetime income stream that would insure an individual does not outlive his or her assets.

The sources of retirement income were once compared to a three-legged stool: with Social Security, your employer’s retirement plan, and personal savings establishing each leg of the stool. The strength of each leg of the stool may change, but it could be reinforced with one of the other two. We know that Americans on average are not saving enough, so retirees are relying more heavily on Social Security and their employer’s retirement plans. While Social Security provides lifetime income, it is only designed to provide a minimum level of support. Today, we are looking at options to strengthen that third leg of the stool – employer’s retirement plans.

While we explore new options, we must be sure that any existing plans (which would be called legacy plans once a new plan is adopted) are preserved in such a way so that all workers and retirees covered under that plan are protected. We also know that the current system is not working for everyone. And doing nothing, and allowing some of these plans to go bankrupt, which does nothing to help our seniors and retirees, is not acceptable. Instead we must create a space where smart, innovative and flexible ideas can come to fruition. This should be our goal.

The NCCMP's *Solutions, Not Bailouts* recommendations are a great place to start, and for those of you who haven't read it, I encourage you to do so. These recommendations were made with input from all types of organizations and groups, and I would like to submit for the record a statement from one of those groups- the National Electrical Contractors Association. As I see it, we have several different ideas to discuss today, including variable annuity plans and target benefit plans/composite plans.

Whatever route we decide to take must allow workers and employers to negotiate a plan and benefits that would allow the economy to expand and employers to remain competitive, while giving those that have worked their entire lives at a middle-class job the ability to enjoy retirement with their loved ones. Our seniors should not have to choose between heating their homes, putting food on their tables or filling a prescription.

As always, the devil will be in the details around the specifics of these plans, so I am interested in learning from our great panel of experts about their recommendations for alternative plan designs, and their advice for pitfalls along the way.

This is a great way to start the conversation- in a bipartisan, fact finding fashion. I believe we all have the same goal, and I look forward to finding a shared path forward.

Because our time is short today, I will keep my comments brief, so that we can hear from our witnesses. I yield back the remainder of my time.